


Maximizing Return: EVMS


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EVM Policy/Guidance



Previous EVM Policy/Guidance


- DoD Instruction 5000.2, Operation of the Defense Acquisition System, May 12, 2003 – EVM is a Regulatory Information Requirement (Enclosure 3, Table E3.T2)
 - Requirements
 - Implement EVM guidelines in ANSI/EIA-748 on contracts/agreements over designated dollar thresholds (RDT&E – \$73M, Procurement – \$315M)
 - Conduct Integrated Baseline Reviews
 - Policy changes have been submitted for incorporation into update currently in progress
- Defense Acquisition Guidebook, October 17, 2004 (replaced DoD Regulation 5000.2-R)
 - Contains "how to" guidance for previous policy (old thresholds, Cost/Schedule Status Report, etc.)
 - Revising EVM contents in Chapter 11 to reflect revised policy
 - Will include supporting guidance (expectations, exclusions, etc.)



Revised EVM Policy/Guidance: Summary of Changes


- New dollar thresholds for cost/incentive contracts (no differentiation between development and procurement)
- Revised Cost Performance Report (CPR) data item description - renamed "Contract" Performance Report
- Eliminated Cost/Schedule Status Report (C/SSR) and CPR-No Criteria
- Expanded application of Integrated Master Schedule (IMS) and linked to CPR
- Clarified requirement for Integrated Baseline Reviews (IBRs) (required when EVM required)
- EVM on Firm-Fixed Price (FFP) contracts requires waiver from Milestone Decision Authority (MDA)

Changes not retroactive but are effective **now on** new cost/incentive contracts



Revised EVM Policy/Guidance: New Application Thresholds

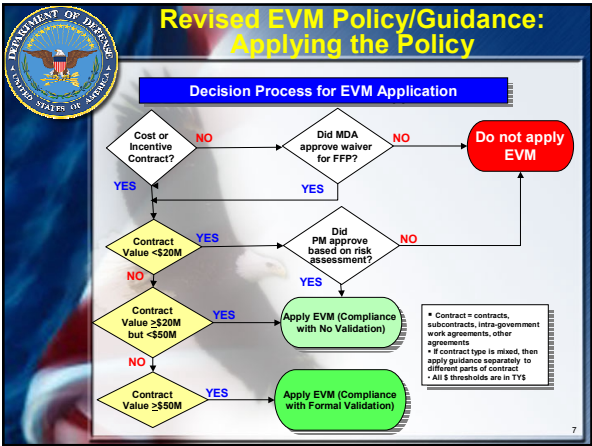
Contracts	Thresholds	Requirements
Cost or Incentive Equal to or Above Threshold	≥ \$50M	<ul style="list-style-type: none">- Compliance with industry EVM standard- <u>Formal EVM system validation</u>- Contract Performance Report- Integrated Master Schedule- Integrated Baseline Reviews- Ongoing surveillance
Cost or Incentive Less Than Upper Threshold but Equal to or Above Lower Threshold	< \$50M but ≥ \$20M	<ul style="list-style-type: none">- Compliance with industry EVM standard- <u>No formal EVM system validation</u>- Contract Performance Report (tailored)- Integrated Master Schedule (tailored)- Integrated Baseline Reviews- Ongoing surveillance
Cost or Incentive Less Than Lower Threshold	< \$20M	<ul style="list-style-type: none">- EVM optional (risk-based decision)- Cost-benefit analysis required



Revised EVM Policy/Guidance: Tailoring Reporting

- Guidance for tailoring CPR and IMS for cost or incentive contracts < \$50M but ≥ \$20M
- Considerations when making a risk-based decision to require EVM on cost or incentive contracts < \$20M; guidance for tailoring reporting (program manager approval required)
- Factors to consider if applying EVM on a FFP contract and guidance for tailoring reporting (MDA approval required)

Resides in DoD Earned Value Management Implementation Guide (EVMIG)



Revised EVM Policy/Guidance: Status Overview

- **Actions Completed**
 - Released policy changes for government and industry comment
 - Adjudicated comments; modified policy documents accordingly
 - Conducted business case analysis
 - Formally coordinated policy changes within DoD
 - Obtained USD(AT&L) approval of revised policy
 - Issued interim policy memorandum (March 7, 2005)
 - Published approved data item descriptions (CPR and IMS) and revised CPR forms (March 30, 2005)
 - Published new DoD EVMIG (April 7, 2005)
- **Actions in Progress**
 - Revising DoD Instruction 5000.2
 - Revising Defense Acquisition Guidebook
 - Coordinating new DFARS clauses
 - Updating Work Breakdown Structure (WBS) Handbook

Another update of the EVMIG is planned for release by October 2005

Revised EVM Policy/Guidance: DoD Instruction 5000.2 (Proposed)

Cost/incentive contracts¹ > \$50 million²

- Compliance with ANSI/EIA-748³
- EVM system formally validated and accepted by cognizant contracting officer
- Contract Performance Report (DI-MGMT-81466A)
- Integrated Master Schedule (DI-MGMT-81650)
- Integrated Baseline Reviews

Cost/incentive contracts¹ < \$50 million but ≥ \$20 million²

- Compliance with ANSI/EIA-748³
- No formal EVM system validation
- Contract Performance Report (DI-MGMT-81466A) (tailoring recommended)
- Integrated Master Schedule (DI-MGMT-81650) (tailoring recommended)
- Integrated Baseline Reviews

Cost/incentive contracts¹ < \$20 million²


- EVM optional based on risk assessment
- Requires cost-benefit analysis
- Requires program manager approval

Firm-fixed price contracts¹

- EVM discouraged regardless of dollar value
- Requires business case analysis
- Requires milestone decision authority approval

Publication planned for Fall 2005


Refer to Defense Acquisition Guidebook and DoD Earned Value Management Implementation Guide for supporting guidance.
¹Contracts = contracts, subcontracts, intra-government work agreements, and other agreements.
²Application thresholds are in then-year dollars.
³ANSI/EIA-748 = American National Standards Institute/Electronic Industries Alliance Standard 748, Earned Value Management Systems.



Revised EVM Policy/Guidance: Defense Acquisition Guidebook

- Chapter 11 – Program Management Activities
 - Major topics
 - Integrated Program Management
 - EVM Defined
 - EVM Applicability
 - EVM Requirements
 - EVMS Compliance, Validation, and Surveillance
 - Contract Management Reporting (CPR and IMS)
 - IBRs (Purpose and Applicability, IBR Process Overview)
 - Guidance to support policy in DoDI 5000.2
 - Important expectations, exclusions, etc. at intermediate level of detail (less detail than EVMIG)


Publication expected by end of June 2005



Revised EVM Policy/Guidance: New DFARS Clauses

- Submitted to DAR Council on April 4, 2005
- Case Number 2005-D006
- Currently under review by Contract Administration Committee – comments expected this week
- Next steps
 - Back to DAR Council
 - Office of Federal Procurement Policy
 - Public comment via Federal Register (January 2006 time frame)
 - Adjudicate comments...and the process continues
 - Ensure compatibility with EVMS FAR clause upon publication of final rule


Final release at least a year away



Revised EVM Policy/Guidance: WBS Handbook Update


- Contract effort ongoing to update MIL-HNBK 881
 - Incorporating changes to DoD acquisition policy/guidance
 - Adding/improving upon WBS definitions
 - Clarifying how WBS is used with newer terms/processes
 - Ensuring WBS is characterized as an acquisition tool
 - Integrating with program management, systems engineering, contracts, and cost estimating documents
- Current status
 - Chapters 1-4 (Introduction) – incorporating final Systems Engineering input
 - Appendices (work breakdown structures) – Working final changes to Surface Vehicles; all others ready for coordination
 - Coordination planned for mid-May to mid-June time frame

User friendly, web accessible final product expected by end of June 2005




Revised EVM Policy/Guidance: Sources of Information

- OSD EVM web site - <http://www.acq.osd.mil/pm>
 - Upcoming/Recent Events
 - DoD policy/guidance
 - Contacts
 - Links to other sites
 - International performance management
 - Historical information
- EVM Community of Practice (AT&L ACC web site) - <https://acc.dau.mil/evm>
 - DoD policy/guidance, contract documents
 - Narrated training tutorials (Training Center)
 - Links to tools
 - Discussion forum (Noteboard)
 - Related references/guides (Community Connection)
 - Research library
 - OMB recommended references




Revised EVM Policy/Guidance: Sources of Information

- DCMA (Executive Agent) web site - http://guidebook.dcmamill79/guidebook_process.htm
 - EVMIG – includes tailoring guidance
 - Other information on EVM
- ASSIST web site - <http://www.assistdocs.com>
 - CPR and IMS data item descriptions
- DoD Forms Program - <http://www.dtic.mil/whs/directives/infomgt/forms/formsprogram.htm>
 - CPR forms (formats)



Closing Thoughts

- OSD continues to make EVM a priority and plans to stay actively engaged
- Government/Industry EVM Working Group will continue to work issues, share improvement ideas, and recommend and implement solutions
- Goal = to ensure performance management processes are effective, consistent, and reflective of industry best practice



Working together is the key to success!
